

ORIGINAL



0000159259

RECEIVED

2014 NOV -7 P 1:23

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

courtdocs@dickinsonwright.com
James T. Braselton, SBN 010788
jbraselton@dickinsonwright.com
Gary L. Birnbaum – SBN 004386
gbirnbaum@dickinsonwright.com
DICKINSON WRIGHT PLLC
1850 North Central Avenue, Suite 1400
Phoenix, Arizona 85004
Phone: (602) 285-5000
Fax: (602) 285-5100
Attorneys for SFI Grand Vista LLC

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP - CHAIRMAN
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

IN THE MATTER OF THE
APPLICATION OF ARIZONA
PUBLIC SERVICE COMPANY, IN
CONFORMANCE WITH THE
REQUIREMENTS OF ARIZONA
REVISED STATUTES §§ 40-360, et
seq., FOR A CERTIFICATE OF
ENVIRONMENTAL
COMPATIBILITY AUTHORIZING
THE TS-5 TO TS-9 500/230 kV
TRANSMISSION LINE PROJECT,
WHICH ORIGINATES AT THE
FUTURE TS-5 SUBSTATION,
LOCATED IN THE WEST HALF OF
SECTION 29, TOWNSHIP 4 NORTH,
RANGE 4 WEST AND TERMINATES
AT THE FUTURE TS-9
SUBSTATION, LOCATED IN
SECTION 33, TOWNSHIP 6 NORTH,
RANGE 1 EAST, IN MARICOPA
COUNTY, ARIZONA.

DOCKET NO. L-00000D-08-03300138

CASE NO. 138

**(Assigned to Administrative Law
Judge Sarah Harpring)**

**DIRECT TESTIMONY OF DONALD
C. DUNCAN ON BEHALF OF SFI
GRAND VISTA, LLC**

Arizona Corporation Commission
DOCKETED

NOV -7 2014

DOCKETED BY

nr

1
2 SFI Grand Vista, LLC ("SFI Grand Vista"), by and through its undersigned
3 counsel, respectfully submits the following Direct Examination of Donald C. Duncan,
4 submitted in Question-and-Answer format. The direct testimony of Donald C. Duncan
5 is filed in connection with pending proceedings before Administrative Law Judge Sarah
6 N. Harpring in connection with the pending "Application to Amend Arizona
7 Corporation Commission Decision No. 70850 Re: CEC 138 and Request for Extension
8 of CEC Term." This Testimonial Submittal is filed in accordance with the Procedural
9 Order (p. 6, ll. 6-7) of the Administrative Law Judge dated October 10, 2014.
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

I. TESTIMONIAL SUBMITTAL - DIRECT EXAMINATION OF DONALD C. DUNCAN, ASA (SUBMITTED IN QUESTION-AND-ANSWER FORMAT ON BEHALF OF SFI GRAND VISTA LLC)

Q. Please state your name.

A. Donald C. Duncan

Q. What is your occupation?

A. Real estate appraiser.

Q. By whom are you employed?

A. First Appraisal Services.

Q. Are you a principal/owner of First Appraisal Services?

A. Yes. I am a principal/owner of the Company.

Q. When was that company founded?

A. It was founded in 1994.

Q. In total, how many years have you been an appraiser in metropolitan Phoenix, Arizona?

A. Approximately 38 years.

Q. Do you hold an appraisal license in Arizona?

A. Yes.

Q. What type of license?

A. Certified General Real Estate Appraiser.

Q. When did you obtain your license?

A. 1991.

1 Q. Did Arizona license real estate appraisers prior to that date?

2 A. **No. I was a member of the initial class of licensees.**

3 Q. In total, how many fee appraisals have you performed?

4 A. **Certainly hundreds, probably thousands.**

5 Q. Do you hold any appraisal certifications, other than your appraisal license?

6 A. **Yes. I am an Accredited Senior Appraiser (ASA) of the American Society**
7 **of Appraisers and a Senior Right-of-Way Agent (SR/WA) of the**
8 **International Right-of-Way Association.**

9 Q. When did you obtain the A.S.A. designation?

10 A. **I received the ASA designation in 1982.**

11 Q. Have you held any officer positions in the American Society of Appraisers?

12 A. **I have been President of the Phoenix Chapter and State Director for**
13 **Arizona.**

14 Q. Describe your formal education.

15 A. **I have a B.A. in Business Economics from the University of Arizona. I**
16 **obtained my degree in 1976.**

17 Q. Have you continued your appraisal education since then?

18 A. **Yes. Through many continuing education programs.**

19 Q. How many continuing education classes?

20 A. **Approximately 82.**

21 Q. Through what organizations?

22 A. **Many, including the Appraisal Institute, the American Society of**
23 **Appraisers, the International Right-of-Way Association and the University**
24 **of Arizona.**

1
2 Q. Have you ever served as an instructor or guest lecturer on appraisal topics?

3 A. Yes. I have been a lecturer/instructor at classes or programs sponsored by
4 the State Bar of Arizona, CLE International, the Sandra Day O'Connor
5 College of Law at Arizona State University (ASU), and the Master of Real
6 Estate Development (MRED) Program at ASU, among other organizations.

7 Q. What types of property have you appraised?

8 A. All types including commercial, industrial and residential. Of particular
9 relevance to this case, I have appraised single family residential properties,
10 multi-family properties and properties within master-planned communities.
11 I have also conducted countless "severance damage" and "proximity
12 damage" analyses.

13 Q. What "approved" appraiser lists, if any, have included your name?

14 A. By way of example only, I have been on both the City of Phoenix list of
15 approved appraisers as well as the State of Arizona (Department of
16 Administration) list. I have performed more than 50 assignments for the
17 Arizona Department of Transportation and I continue to work for ADOT
18 today.

19 Q. Have you been engaged by other government agencies in the Valley?

20 A. Yes. I have worked for Maricopa County and the cities of Phoenix,
21 Glendale, Scottsdale, Peoria, Chandler, Mesa and SRP among other
22 governments or governmental agencies.

23 Q. Have you been engaged by major financial institutions?

24 A. Yes. Financial institution engagements have included Wells Fargo and
25 Bank One (now J.P. Morgan Chase).
26
27
28

1 Q. Have you been engaged by APS in the past?

2 A. **Yes. I have worked for both APS and SRP.**

3 Q. Have you testified as an expert witness?

4 A. **Yes. On a number of occasions. Approximately 70 cases.**

5 Q. In what courts?

6 A. **The United States District Court for the District of Arizona, the United**
7 **States Bankruptcy Court, the Arizona Tax Court, the Superior Courts in**
8 **Maricopa County, Mohave County, Pima County, Yavapai County, and**
9 **Pinal County, and courts in at least four (4) other states.**

10
11 Q. Have you performed work that involved investigation of transmission line
12 impacts?

13 A. **Yes.**

14 Q. On which side of the case/for what parties?

15 A. **For both landowners and utility companies.**

16 Q. Did you testify before the Transmission Line Siting Committee in this case in
17 2009?

18 A. **Yes. I did.**

19 Q. Describe generally the subject matter of your testimony.

20 A. **I examined the alternative alignments and corridor widths then under**
21 **consideration by the Committee in the area of the property now owned by**
22 **SFI Grand Vista, LLC. At least in that area, the alignment and corridor**
23 **dimension adopted by the Committee and the Arizona Corporation**
24 **Commission were consistent with my opinions.**

1 Q. By whom were you engaged in this case?

2 A. I was contacted and engaged by the attorneys for SFI Grand Vista, LLC,
3 the successor-in-interest to the landowner (Surprise Grand Vista, LLC) by
4 which I was engaged in 2009.

5 Q. What was your assignment?

6 A. I was provided with a copy of the Application seeking to amend the
7 previously-approved alignment. I was asked to compare the final approved
8 alignment with the proposed amended alignment and to comment on the
9 likely impact of the proposed amended alignment on the marketability and
value of existing and planned future residences.

10 Q. In the area between 211th Avenue and 235th Avenue, did you compare the
11 Arizona Corporation Commission-approved alignment with the Amended
Alignment now proposed by APS and ASLD?

12 A. Yes. Attached hereto as Exhibit "A" is Attachment 1 to Exhibit "E" of
13 APS' Application. This Exhibit depicts the approved (Certificated)
14 alignment and the APS/ASLD proposed, modified alignment. The SFI
15 Grand Vista property is immediately east of the proposed alignment at 211th
Avenue (as noted on Exhibit "A").

16 Q. What did you conclude?

17 A. The previously approved alignment and corridor designation was carefully
18 crafted in the 211th Avenue to 235th Avenue area (including specifically the
19 area adjacent or proximate to the SFI Grand Vista master plan project) to
20 minimize the impact on existing and planned residences. The proposed,
21 amended alignment deviates materially from the approved alignment and
22 heightens the impact of the planned transmission lines on existing and
planned residences. Without limiting the generality of the foregoing, I
noted the following specific impacts:

- 23 • The number of existing residences in proximity to the transmission
24 lines would be increased by approximately 390%. According to APS,
25 there are 10 residences within 2500 feet (0 residences within 500 feet)
26 of the approved alignment in this area and 49 residences within 2500
27 feet (18 residences within 500 feet) of the proposed, amended

alignment. There is also an increase in the number of impacted lots on which construction has not yet occurred.

- In this area, the amended alignment adds two (2) 90-degree turns to the alignment, thus increasing the cost of the project.
- The amended alignment has a new area of adjacency to the SFI Grand Vista master plan, increasing the areas of direct proximity by approximately 25%.
- As a consequence, the number of planned/approved and impacted residential units would increase materially if the amended alignment were adopted. The existing SFI Grand Vista master plan will be directly affected, particularly in the northwest corner of the property.

The proximity of the transmission lines in this case to existing and/or planned residences can be expected to impact the desirability of these residences whether due to view impairment, perceived health or safety concerns (whether justified or not) and possibly other factors. This, in turn, will likely affect marketability, applicable absorption rates, and thus the market value of such properties to the detriment of the individual residents (current and future) and the owner/developer of the Grand Vista project.

From an appraisal perspective, the proposed realignment is particularly difficult to understand because the negative factors outlined above are not offset by countervailing considerations. In this area, both the approved alignment and the proposed amended realignment involve the construction of transmission lines on Arizona State Land Department (ASLD) lands. The proposed realignment, however, moves the lines closer to existing and currently planned residential areas. Even if the line relocation reduces the valuation, or has some planning impact on ASLD lands, it increases the impact on various other landowners in the area. Furthermore, to the extent the approved alignment does reduce the value of the ASLD lands (a result that is not at all clear from the Application or the documents APS has provided with the Application), ASLD will receive full, fair and just compensation for the property rights acquired by APS and for the diminution in value to the remainder property, if any. The proposed realignment therefore does not appear to be necessary, economically justified, or in the public interest.

1 Q. On what do you base your opinion?

2 A. My conclusions are based upon decades of experience in appraising
3 properties throughout the Valley and in assessing the impact of various
4 value-influencing projects and factors. My opinions are also based upon
5 information provided by APS in this proceeding in response to requests for
6 information promulgated by counsel for SFI Grand Vista, LLC. (See
7 Exhibit "B," excerpts of APS' Response to SFI Grand Vista's First Set of
8 Informal Data Requests.)

9
10 RESPECTFULLY SUBMITTED this 6th day of November, 2014.

11
12 DICKINSON WRIGHT PLLC

13 By: 

14 Gary L. Birnbaum

15 James T. Braselton

16 1850 North Central Avenue, Suite 1400

17 Phoenix, Arizona 85004

18 Attorneys for Plaintiff

19
20
21
22 ORIGINAL and 13 copies of the foregoing filed this 7th day of November, 2014, with:

23 Arizona Corporation Commission
24 1200 West Washington Street
25 Docket Control, Room No. 108
26 Phoenix, AZ 85007
27
28

COPY of the foregoing mailed this ~~6~~⁷ day of November, 2014, to:

John Foreman, Chairman
Arizona Power Plant and Transmission
Line Siting Committee
Office of the Attorney General
PAD/CPA
1275 West Washington Street
Phoenix, AZ 85007

Joseph Drazek
Quarles & Brady LLP
One Renaissance Square Two North
Central Avenue
Phoenix, AZ 85004

Scott Wakefield
Ridenour Hinton & Lewis PLLC
201 North Central Avenue, Suite 3300
Phoenix, AZ 85004

Scott McCoy
Earl, Curley & Lagarde, PC
3101 North Central Avenue, Suite 1000
Phoenix, AZ 85012

David F. Jacobs
Assistant Attorney General
Attorney General's Office
177 N. Church Avenue, Suite 1105
Tucson, AZ 85701

Christopher Welker
Holm Wright Hyde & Hays PLC
10201 South 51st Street, Suite 285
Phoenix, AZ 85044

Frederick E. Davidson
Chad R. Kaffer
The Davidson Law Firm
8701 East Vista Bonita Drive, Suite 220
P.O. Box 27500
Scottsdale, AZ 85255

Megan Grabel
Thomas L. Mumaw
Pinnacle West Capital Corporation
P.O. Box 53999, Station 8695
Phoenix, AZ 85072-3999

Thomas H. Campbell
Lewis Roca Rothgerber, LLP
201 East Washington Street, Suite 1200
Phoenix, AZ 85004

Andrew E. Moore
Earl, Curley & Lagarde PC
3101 North Central Avenue, Suite 1000
Phoenix, AZ 85012

Court Rich
Ryan Hurley
Rose Law Group PC
7144 East Stetson Drive, Suite 300
Scottsdale, AZ 85251

Jay Moyes
Steve Wene
Moyes Sellers & Sims LTD
1850 North Central Avenue, Suite 1100
Phoenix, AZ 85004

1 Melissa M. Krueger
2 Linda J. Benally
3 Pinnacle West Capital Corporation
4 400 North 5th Street, MS 8695
Phoenix, AZ 85004

5 Garry D. Hays
6 The Law Office of Garry D. Hays PC
7 1702 East Highland Avenue, Suite 204
Phoenix, AZ 85016

8 Stephen J. Burg
9 Office of the City Attorney City of
10 Peoria
11 8401 West Monroe Street
Peoria, AZ 85345

12 Michael D. Bailey
13 City Attorney
14 City of Surprise
15 16000 North Civic Center Plaza
16 Surprise, AZ 85374

17 Jeanine Guy
18 Town Manager
19 Town of Buckeye
20 1101 East Ash Avenue
21 Buckeye, AZ 85326

22 Art Othon
23 8401 West Monroe Street
24 Peoria, AZ 85345

25 Janice Alward
26 Chief Counsel Legal Division
27 Arizona Corporation Commission
28 1200 West Washington Street
Phoenix, AZ 85007

Dustin C. Jones
Jon M. Paladini
Tiffany & Bosco, P.A.
2525 E. Camelback Road, 7th Floor
Phoenix, AZ 85016-9240

Lawrence Robertson, Jr.
2247 East Frontage Road, Suite 1
P.O. Box 1448
Tubac, AZ 85646

Robert N. Pizorno
The Pizorno Law Firm PLC
P.O. Box 51683
Phoenix, AZ 85076-1683

Ruben Ojeda
Manager, Rights of Way Section
Arizona State Land Development
1616 W. Adams Street
Phoenix, AZ 85007

Edward Dietrich
Real Estate Division Planning Section
Arizona State Land Department
1616 West Adams Street
Phoenix, AZ 85007

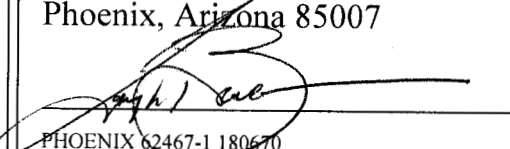
Charles W. and Sharie Civer
42265 North Old Mine Road
Cave Creek, AZ 85331-2806

Steven M. Olea, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

1 Coash & Coash, Inc.
2 1802 N. 7th Street
3 Phoenix, AZ 85006

4 Jack Haenichen
5 P.O. Box 2287
6 Overgaard, AZ 85933

7 Sarah N. Harpring
8 Administrative Law Judge
9 Arizona Corporation Commission
10 1200 West Washington
11 Phoenix, Arizona 85007

12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

PHOENIX 62467-1 180670

Bill Mundell
3838 N. Central Avenue, Suite 400
Phoenix, AZ 85012

David Eberhart
6801 W. Astor
Peoria, AZ 85361

EXHIBIT "A"



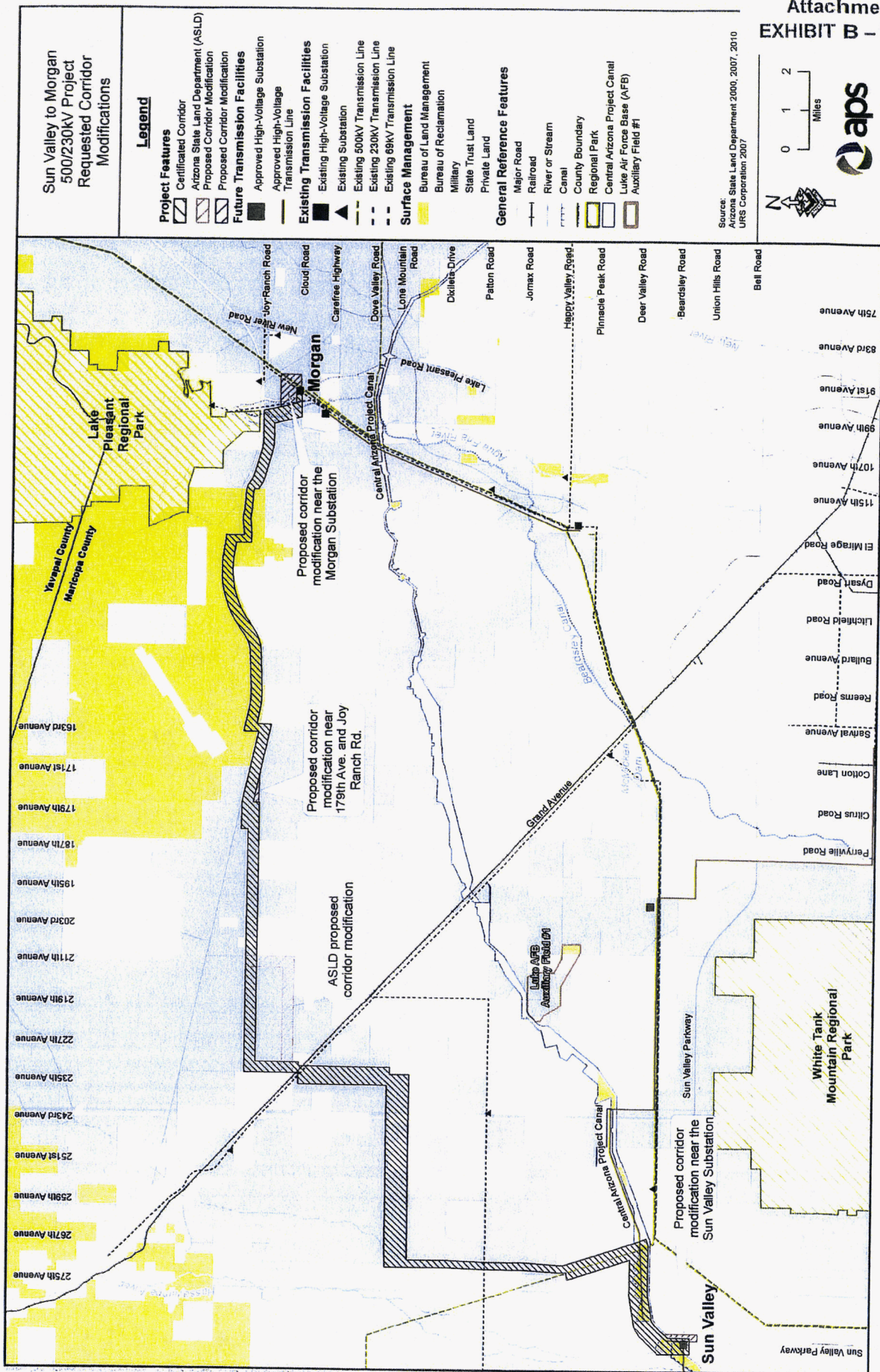


EXHIBIT "B"

SFI GRAND VISTA'S FIRST SET OF INFORMAL DATA REQUESTS TO
ARIZONA PUBLIC SERVICE COMPANY REGARDING
REQUEST FOR EXTENTION OF CEC TERM
DOCKET NO. E-01345A-08-0330-00138
OCTOBER 7, 2014

SFI Inf 1.3: The number of transmission line towers and the length of the transmission lines required for both the Approved Plan and the alignment depicted in your Proposed Plan.

Response: The amendments proposed in APS's July 17, 2014 Application do not change the overall number of transmission line towers or the length of the transmission line. However, the Company's Application anticipates replacing two tangent (in-line) tower structures identified in the original project with two turning tower structures to accommodate the change in corridor requested by the Arizona State Land Department. See also Response to SFI Inf 1.2.

Although final design work has not been completed, APS anticipates that this four mile segment of the line will contain approximately 22 tower structures.

SFI GRAND VISTA'S FIRST SET OF INFORMAL DATA REQUESTS TO
ARIZONA PUBLIC SERVICE COMPANY REGARDING
REQUEST FOR EXTENTION OF CEC TERM
DOCKET NO. E-01345A-08-0330-00138
OCTOBER 7, 2014

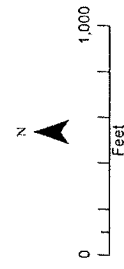
SFI Inf 1.4: The number of existing residences located within 500 feet of the western boundary of the corridor in the Approved Plan.

Response: There are no existing residences located within 500 feet of the western boundary of the approved corridor. Please see the map attached as APS15694.



Legend

- Residences
- ASLD Proposed Corridor
- Approved Plan/Certificated Corridor (CEC 138)
- 500-foot Buffer
- 2500-foot Buffer
- 2500-foot Buffer of Proposed Route
- 2500-foot Buffer of Certificated Route



Service Layer Credits: Source: Esri, DigitalGlobe, GeoEye, i-cubed, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

Parcel Data: Maricopa County Assessor 2014

SFI GRAND VISTA'S FIRST SET OF INFORMAL DATA REQUESTS TO
ARIZONA PUBLIC SERVICE COMPANY REGARDING
REQUEST FOR EXTENTION OF CEC TERM
DOCKET NO. E-01345A-08-0330-00138
OCTOBER 7, 2014

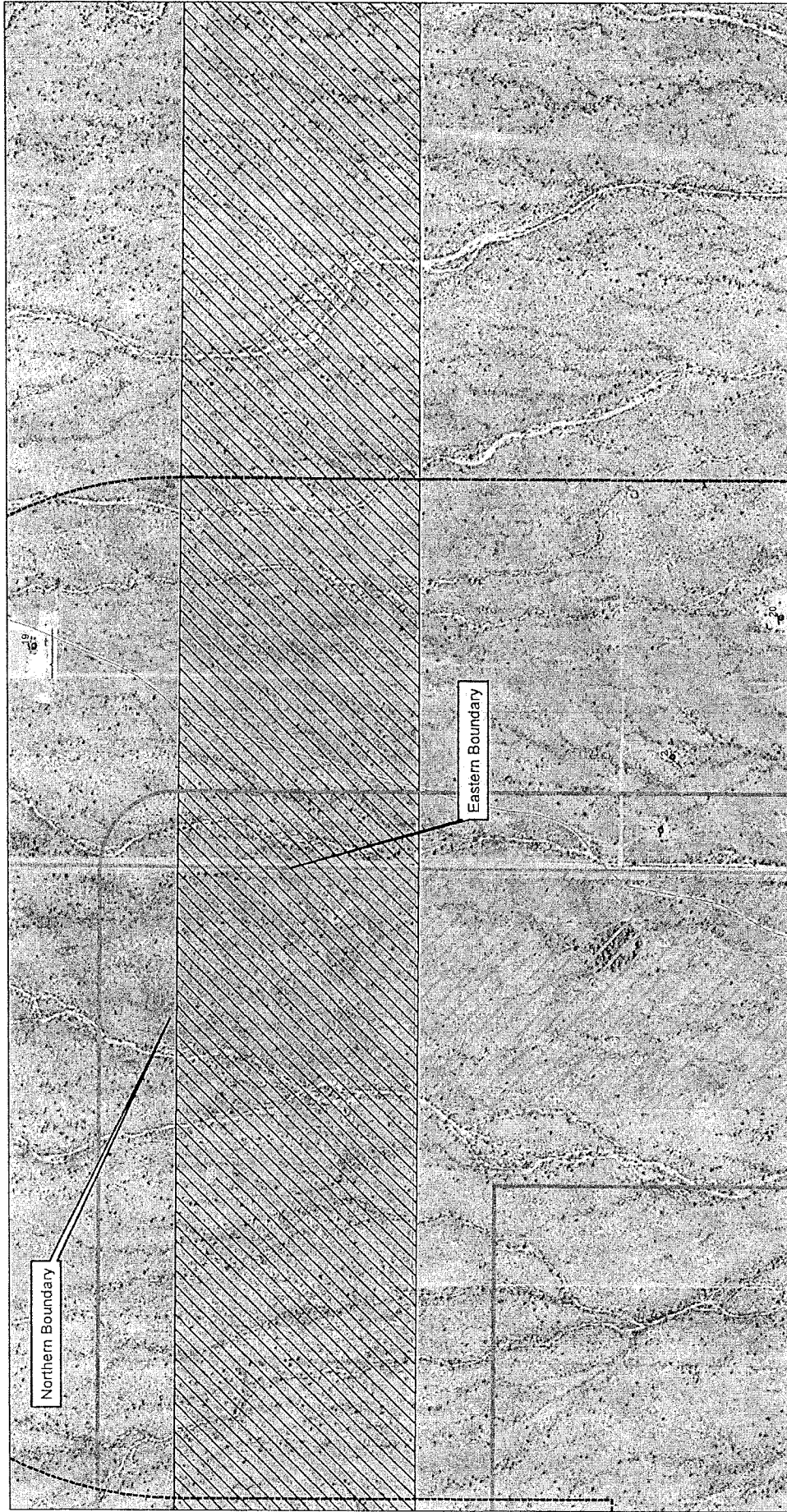
SFI Inf 1.5: The number of existing residences located within 2,500 feet of the western boundary of the corridor in the Approved Plan.

Response: There are 10 existing residences located within 2,500 feet of the western boundary of the approved corridor. APS15694 provided in response to SFI Inf 1.4 depicts nine of these existing residences. The tenth residence is outside the scope of the map and can be found on APS15695 provided in response to SFI Inf 1.8.

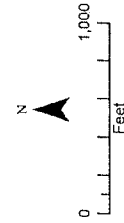
SFI GRAND VISTA'S FIRST SET OF INFORMAL DATA REQUESTS TO
ARIZONA PUBLIC SERVICE COMPANY REGARDING
REQUEST FOR EXTENTION OF CEC TERM
DOCKET NO. E-01345A-08-0330-00138
OCTOBER 7, 2014

SFI Inf 1.6: The number of existing residences located within 500 feet of the southern and eastern boundaries of the corridor in the Proposed Plan.

Response: There are 18 existing residences located within 500 feet of the southern and eastern boundaries of the proposed corridor: 17 within 500 feet of the southern boundary and one within 500 feet of the eastern boundary. Please see the map attached as APS15696 for the residences along the southern boundary and the map attached as APS15697 for the residence along the eastern boundary.



- Legend**
- Residences
 - ▨ ASLD Proposed Corridor
 - ▨ Approved Plan/Certificated Corridor (CEC 138)
 - ▨ 500-foot Buffer
 - ▨ 2500-foot Buffer
 - ▨ 2500-foot Buffer of Proposed Route
 - ▨ 2500-foot Buffer of Certificated Route



Service Layer Credits: Source: Esri, DigitalGlobe, GeoEye, i-cubed, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Geomatics, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

Parcel Data: Maricopa County Assessor 2014

SFI GRAND VISTA'S FIRST SET OF INFORMAL DATA REQUESTS TO
ARIZONA PUBLIC SERVICE COMPANY REGARDING
REQUEST FOR EXTENTION OF CEC TERM
DOCKET NO. E-01345A-08-0330-00138
OCTOBER 7, 2014

SFI Inf 1.7: The number of exist residences located with 2,500 feet of the southern and eastern boundaries of the corridor in the Proposed Plan.

Response: There are 49 existing residences located within 2,500 feet of the southern and eastern boundaries of the proposed corridor. This number is inclusive of the 18 residences identified in the Company's response to SFI Informal Data Request 1.6. Please see the maps APS15696 and APS15697 provided in response to SFI Inf 1.6.

SFI GRAND VISTA'S FIRST SET OF INFORMAL DATA REQUESTS TO
ARIZONA PUBLIC SERVICE COMPANY REGARDING
REQUEST FOR EXTENTION OF CEC TERM
DOCKET NO. E-01345A-08-0330-00138
OCTOBER 7, 2014

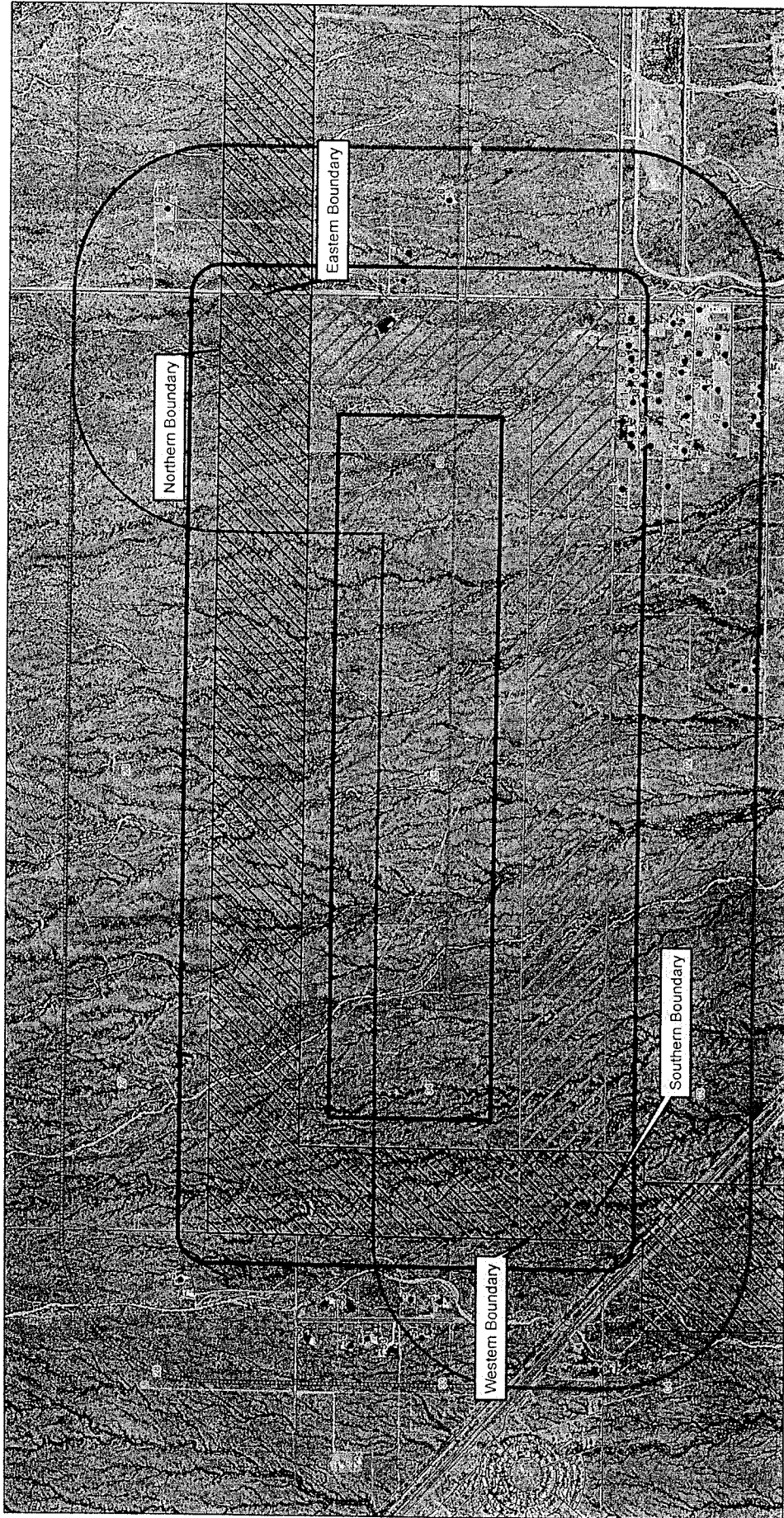
SFI Inf 1.8: For each of the residences referenced in item nos. 4-7 above, please provide the setback between the closest boundary of the HVTL corridor and the nearest wall of the residence.

Response: The setback footage is listed for each residence on the attached document APS15698. A map showing the position of each of the 59 residences is also attached as APS15695.

The methodology used to calculate the distances from each residence to the either the approved or proposed HVTL corridor is as follows:

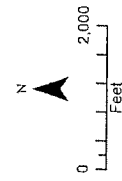
Following field verification of each residence depicted on Map 1, the distance was measured on aerial photography from the section line coincident with the corridor edge to the approximate center of the residential structure. Distances were calculated using GIS "near analysis" based on points placed from aerial photography and/or field verification. The points were placed as close to the center of the residential structure and may be up to 5 feet from the edge of the house.

Setback Distances	
1	270
2	739
3	233
4	467
5	196
6	240
7	249
8	469
9	249
10	471
11	283
12	115
13	287
14	132
15	268
16	471
17	283
18	136
19	935
20	1,633
21	1,388
22	1,098
23	940
24	1,204
25	1,710
26	1,840
27	1,398
28	1,154
29	1,101
30	716
31	1,507
32	1,726
33	2,471
34	2,467
35	593
36	1,225
37	715
38	478
39	2,363
40	1,199
41	2,459
42	1,866
43	1,389
44	1,174
45	899
46	2,464
47	2,466
48	2,065
49	2,294
50	1,072
51	1,689
52	1,040
53	1,902
54	1,720
55	1,847
56	1,170
57	1,145
58	1,741
59	908



Legend

- Residences
- ASLD Proposed Corridor
- Approved Plan/Certificated Corridor (CEC 138)
- 500-foot Buffer
- 2500-foot Buffer
- 2500-foot Buffer of Proposed Route
- 2500-foot Buffer of Certificated Route



Service Layer Credits: Source: Esri, DigitalGlobe, GeoEye, i-cubed, USDA, USGS, AEX, Comstock, AeroGRID, IGN, IGP, swisstopo, and the GIS User Community

Parcel Date: Maricopa County Assessor 2014

SFI GRAND VISTA'S FIRST SET OF INFORMAL DATA REQUESTS TO
ARIZONA PUBLIC SERVICE COMPANY REGARDING
REQUEST FOR EXTENTION OF CEC TERM
DOCKET NO. E-01345A-08-0330-00138
OCTOBER 7, 2014

SFI Inf 1.9: Will the nearest boundary of the corridor in the Proposed Plan be across the street from closest private property line?

Response: Portions of the southern boundary of the proposed corridor are adjacent to an existing dirt road. The closest private property line to the southern boundary is on the other side of that dirt road.